

A WHITE PAPER FROM HSMAI + PHG CONSULTING

NEW RULES TO BE MARKET READY

What hospitality sales, marketing, and revenue optimization professionals need to know about reopening in the post-COVID marketplace.

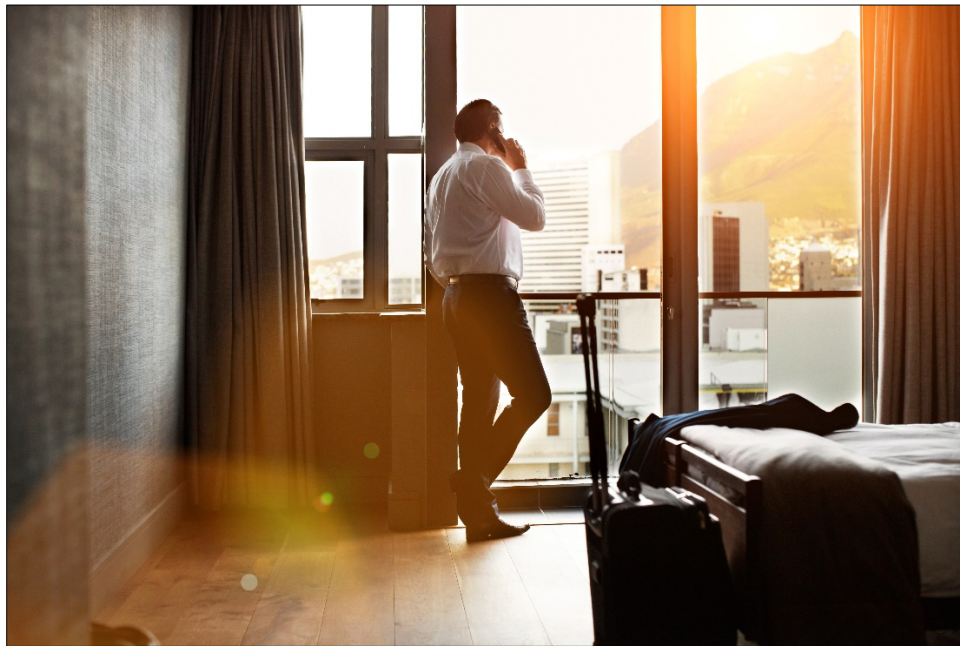


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New Rules to Be Market Ready

By Kathleen A. Cullen, PHG Consulting

What hospitality sales, marketing, and revenue optimization professionals need to know about reopening in the post-COVID marketplace.

Travel will rebound. People have not changed in their fundamental need to see and explore the world. However, it is difficult to imagine what travel will look like once the hospitality industry ramps back up — whenever that may be.

For now, no one can predict when or how this pandemic will pass. What we do know is that the travel landscape will be different, and those hoteliers who are ready to operate in the new normal will come out on top. Just as coronavirus has forced people all over the world to take a pause from their normal routine and reset their priorities, this is a good opportunity for hospitality professionals to reset their strategies.

Amid the uncertainty, there is some good news. On April 7, Preferred Hotels & Resorts surveyed members of its I Prefer

loyalty program, inviting them to share their travel aspirations and provide insight into where and when they may travel once restrictions are lifted. A total of 3,700 members participated; their responses are promising:

- **They want to travel**, with 71 percent of respondents reporting that they plan to book a trip in 2020 — most of them as soon as travel restrictions are lifted.
- **They want to see the world**, with more than half of respondents highlighting their intention to travel internationally — 43 percent to another continent.
- **They are ready to fly**, with more than 80 of respondents saying they are comfortable with

being on an airplane once travel restrictions are lifted.

The industry will recover. You need to be considering right now how to prepare for that, because standing out in the marketplace will be critical. One of the first things to assess is how that marketplace will be different post-COVID-19, including:

- What hotels will be open? Will all the properties in your marketplace reopen at the same time?
- Will your competitive set be the same as it once was?
- For those hotels that reopen, are they adjusting their service offerings? If so, will this be a temporary or permanent change?
- Will they reopen with a full staff? Will they have the same leaders in place and maintain previous staffing levels?
- Will they offer the same amenities, such as in-room

dining, restaurant, turndown, and spa?

- What is the anticipated occupancy for reopening hotels? No one will be opening up their doors with 40-percent, 30-percent, or even 20-percent occupancy. It will take time to build.
- Will competing hotels need to adjust their business mix? How does this affect your properties?

You should be focused on how to take advantage of and align with several factors that are expected to define the new marketplace when travel resumes:

- Flexibility will be key.
- Drive markets will lead.
- Health and wellness will be paramount, including increased use of technology solutions for guest communication and servicing.

This white paper will address how hotels can prepare now to open strong and stand out better than ever before.

PART 1: ADAPTING YOUR BENCHMARKING, PROJECTIONS, AND PRICING

CHANGING TRAVELER EXPECTATIONS

Understanding the new and different expectations of travelers will be key. People who travel in a post-COVID-19 world will do so with a new focus and shifted priorities.

Cleanliness has always been important, but now expectations in that area will be a top consideration. Hotels are going to have to step up their sanitizing efforts, in addition to demonstrating the measures undertaken by the entire industry to ensure the cleanliness of their facilities and the safety of their guests.

Safety and security will continue to be a top priority, but perhaps at a completely new level. Will hotels gain in popularity over alternative lodging options such as short-term rentals, which may struggle to standardize and communicate their sanitizing process, potentially leading to more comfort and confidence in the traditional hotel setting?

Conversely, short-term rentals have the ability to offer distinct social distancing in a way that hotels simply cannot.

Governmental regulations will change the nature of travel, with potential ebbs and flows of travel policies based on jurisdiction. Policies may dictate staff and guest interactions.

Sustainability has been top of mind for many consumers, but now will be even more important to address. Understandably, getting revenues back will be a priority, but hoteliers will need to do their part as good citizens.

Messaging will be key to getting consumers not just to travel again but to feel safe while doing so. Therefore, hotel operators and their public relations and marketing teams will have to spend a lot of time and energy promoting their properties' cleaning regimens and come up with unique ways to communicate to guests that the surfaces, door handles, phone receivers, light switches, and all

other common touchpoints are clean and virus-free.

Once travel restrictions are lifted, consumers likely will be very ready to hop into a car and drive somewhere for a getaway. Think fresh air and wide-open spaces. Hotels in outdoor locations that offer an abundance of both may see the quickest activity in reservations and will need to be ready to welcome guests.

Flexibility in booking restrictions will be an expectation while the travel industry rebuilds, especially while airlines continue providing accommodating policies. It will take some time for stringent booking requirements to become acceptable again. Plus, travelers will be shopping for the best rate or the best deal they can find. How hoteliers respond to that while balancing new safety and sanitation communication efforts will be among the most important factors as the industry moves toward recovery.

It will take some time for stringent booking requirements to become acceptable again.

BENCHMARKING IN THE NEW NORMAL

Much of how hotels previously determined their strategies was based on benchmarking their own products and services against other hotels in the same market or similar destinations. But what happens when hotels begin opening again? What happens if not all hotels come back online at same time? Or don't come back online at all? Reopening based on past strategies will not work. Now is the time for hoteliers to reevaluate their overall strategy.

One of the first things you need to address is the new benchmarking opportunities that will help you understand the reshaped landscape

and shape your go-to-market strategies. It will be important to address the following considerations:

- Ensure ownership alignment in redefining the hotel's competitive set for new benchmarking purposes. The new set may or may not be permanent, but for now it will be important in understanding changes in competition and product offerings within the marketplace. You may need to adjust this exercise a few times as the marketplace evolves.
- Keep track of shifts in the marketplace outside of hospitality. Research local changes to understand shops, restaurants, cultural attractions, and other demand drivers that may no longer be available or have switched up their own offerings. How does this affect your hotel? Identify any local partnerships that may need to be adjusted. Is there an opportunity to supplement

anything? Are you located in a destination where your hotel relied on local shops providing services and products to your guests?

- Consider what will be top of mind for travelers and how that may differ from before. How will their shifting needs, priorities, and choices affect what you offer?
- Understand if the marketplace catered to a specific consumer group. How might this differ in the near future — or even long term? Who will your customers be, and how might they be different from previous demographics? Most importantly, how can you position your hotel to be ready for them?

Once you have a good understanding of the new marketplace and available products and services, it's time to select your new competitive set, so you can properly benchmark your hotel. This is where it will be important to

	SUBJECT HOTEL		COMPETITOR #1		COMPETITOR #2	
	Hotel Score	Weighted Score	Hotel Score	Weighted Score	Hotel Score	Weighted Score
Location <i>weight: 5</i>	5	25	3	15	1	5
Curb appeal <i>weight: 2</i>	3	6	5	10	3	6
Service quality <i>weight: 5</i>	5	25	3	15	3	15
F&B quality <i>weight: 3</i>	3	9	5	15	3	9
On-site restaurant: <i>weight: 3</i>	3	9	5	15	3	9
24-hour room service <i>weight: 4</i>	1	4	3	12	3	12
Meeting space <i>weight: 3</i>	5	15	3	9	5	15
TOTAL		93		91		71

FIGURE 1 | KEY: 5 = excellent; 3 = good; 1 = poor/does not exist

understand what now differentiates your hotel and where you can potentially fill in any gaps in the marketplace. Also, consider that you may make changes to your own products and services that differ from your competition, as this will affect how consumers judge your value against a set of other hotels.

Understanding the specific amenities and services of each competing hotel will mean calling your colleagues directly. Hotel websites and other tools likely will not display the most accurate information and latest offerings just yet — as is to be expected, it will

take time to get everything updated. **Figure 1** (p. 6) offers a quick (and admittedly simplified) method to use that information to benchmark your hotel against potential competitors. Start by picking the hotels you believe will be the best benchmarks and the specific criteria that will be important in your marketplace. One important consideration: Be realistic when it comes to selecting your competitors; misaligning your competitive set can cause longer-term problems, including making it difficult to assess successes.

Figure 2 (p. 7) offers an excellent way to provide a visual display to help you identify your

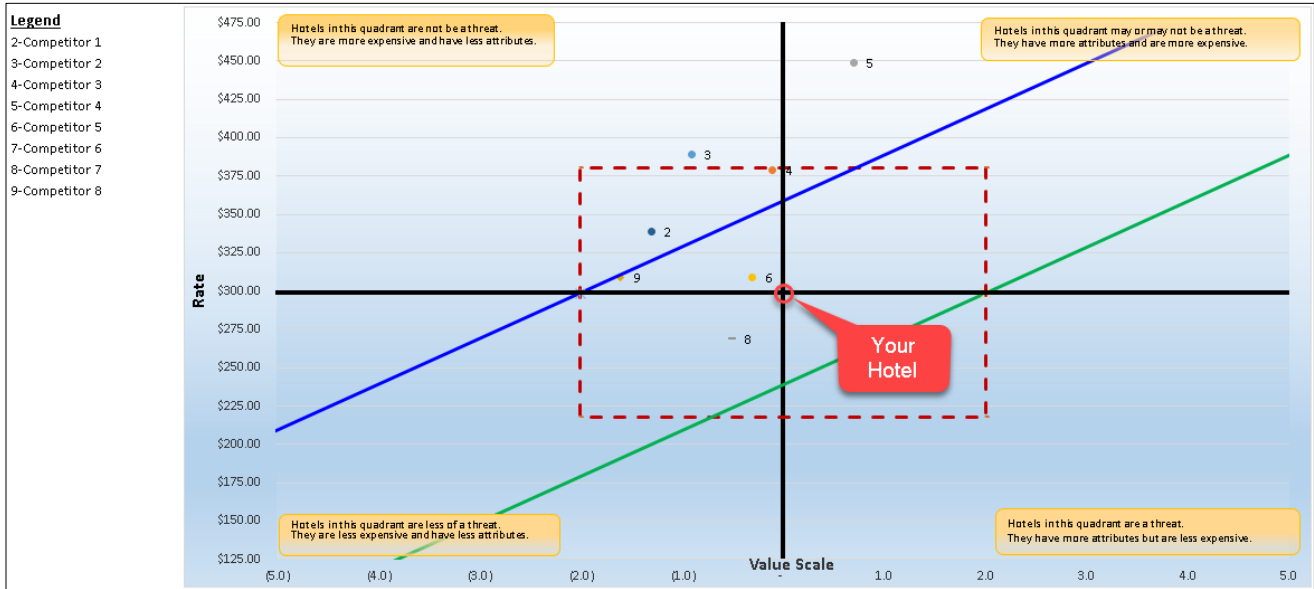


FIGURE 2 | SOURCE: PHG Consulting Value Assessment Analysis Tool

true competitive set and understand your price positioning within that set. After the benchmarking exercise is finalized, you can show your unique differences in products and services compared to the marketplace. This will help you position your hotel objectively and accurately in comparison to your competitors.

MARKET PROJECTIONS

With benchmarking and competitive sets completed, it is time to review market projections, which may be difficult due to the many unknowns that dominate the current landscape. Here are some factors to consider during this

process — with the understanding that you likely will have to repeat it frequently as more information and activity become available:

- What were the makeup and primary booking patterns of the market previously?
- What will the market be made up of moving forward, and how will that affect these booking patterns?
- Upon how much international business did the market rely, and what are the strategies to fill in potential gaps and/or drive new feeder markets?

- What was the prior group, corporate, and leisure contribution, and what will be the impact of possible changes to that mix?
- How will corporate account travel policies change post crisis, and how do you respond proactively?
- Who will your future guests be, and what will be their primary needs? Will they be the same or entirely new demographics?
- What conventions or citywide events have been canceled or moved?
- How are the market and the competitive set reacting to changes in overall demand — up or down?
- What are some local considerations that are significantly different now? What demand drivers existed that no longer exist?
- What is the impact to planned renovations, pipeline, and new supply?

HOTEL PROJECTIONS

Most hotels are already reforecasting their projections for 2020 and 2021. Many are even setting up different models based on assumptions about when travel will begin to resume. This will be an important exercise for so many reasons. However, it can only be done effectively with a true understanding of the new travel landscape and how that impacts your hotel.

As outlined in previous sections, redefining your hotel's strategy will be critical. To gain alignment, it will be important to understand ownership's goals, which may have changed:

- What are the expectations of hotel ownership?
- What are ownership's short- and long-term goals?
- Have ownership's plans for the hotel changed since COVID-19?
- What has been promised to the bank?
- Do you have a strategy to drive ADR where the market permits?

- Do you have a strategy to gain market share in each individual segment?
- Do you have an overall profit-driven strategy?

Equally as important is defining and projecting what a hotel's staffing model should look like. In addition, consider how bonus goals should be handled, as it's unlikely anyone will be able to achieve their original goals:

- How should overall bonus programs be handled for the remainder of the year?
- How should sales bonus programs be handled for the remainder of the year?
- How do you ensure buy-in from associates with goals that have been affected?
- How will this affect planning for 2021?

Most hotels are already reforecasting their projections for 2020 and 2021.

Hotels that properly prepare and take care of their biggest asset — the human talent within their teams — will be remembered, and employees and customers alike will be loyal to those companies. Just understand that every hotel going through this will be eager to gain top talent.

Pricing in the New World

Hotel pricing is a complex endeavor. You're responsible for pricing all available products such as room types, function space, cabana rentals, and golf tee times, as well as services such as spa treatments, shopping, and so on. Historically, pricing has been

ITEM	CONSIDERATIONS
Marketplace	<ul style="list-style-type: none"> ▪ What competitors are open? What is their pricing? ▪ What is your (new) positioning within the marketplace? Who will be the rate leaders? ▪ How does the guest view your hotel? How do you compare to your competitive set? ▪ Do your new product and service offerings reflect how guests view your hotel and market position?
Reservation policies	<ul style="list-style-type: none"> ▪ Do hotel restrictions and cancellation and deposit policies align with consumer expectations? ▪ What should be adjusted based on the new climate?
Loyalty programs	<ul style="list-style-type: none"> ▪ What type(s) of value-adds will you offer? ▪ What type(s) of discounts will you offer? ▪ Are redemptions a consideration? ▪ How do you tastefully market these new and/or updated member benefits?
Rate parity	<ul style="list-style-type: none"> ▪ What is your rate parity strategy and approach? ▪ Do you have the right resources deployed to keep your rates in parity? ▪ Have you quantified the consequences of overpricing and/or underpricing certain channels?
Value-adds	<ul style="list-style-type: none"> ▪ What value-adds do you have to offer that are true differentiators? ▪ What are some local market options that could build partnerships and enhance brand awareness? ▪ Can you develop new packages that show meaningful value to guests while positively affecting the bottom line?
Sales	<ul style="list-style-type: none"> ▪ Will key accounts travel as they once did? ▪ Are accounts you once declined now in play? ▪ Will groups come back in the same way? ▪ What new industries, subsects, and potential accounts have been created due to this crisis? ▪ Do you have the right team members to confidently yet tactfully secure sales?
Programming	<ul style="list-style-type: none"> ▪ What new uses of meeting spaces might you consider until demand increases? ▪ What new partnerships should be considered?
Marketing	<ul style="list-style-type: none"> ▪ Do you have a dedicated page on your website that addresses COVID-19 and your response(s) to consumer concerns? ▪ Are you using keywords to assist with marketing SEO based on consumer health and safety concerns?

FIGURE 3 | Pricing in the New Marketplace

determined based on history, pace, and competitive set, but what happens now, when some hotels are opening and some are not opening? What happens when products and services that used to be available within a marketplace are no longer available? How should you be pricing your products and services? And what factors are going to play an integral part of pricing considerations?

Some hoteliers are well experienced in thinking through these scenarios due to natural disasters such as hurricanes, tsunamis, earthquakes, and wildfires — all of which have devastated *local* areas impacted by such events. But what we are facing now is disaster on a global scale, and while travel will recover, new thinking and new methodology will be critical to getting started.

You'll need to take a step back, reevaluate your entire strategy and reposition yourself in the new marketplace. See **Figure 3** (p. 10) for some ideas.

New Business Mix

Developing a cohesive revenue strategy means defining a new mix of business. The following are

factors to consider in identifying the new mix:

Review the impact on specific segments:

- Will any collapse?
- Will any segment be more prevalent than in the past?
- What will the expectations be from corporate accounts?
- What will the expectations be from groups?
- How might each sub-segment respond in a post COVID-19 world — including government, medical, biotech, IT, pharmaceutical, insurance, AI, incentive, and FIT?

Plan for a new business mix:

- How do I (re)deploy my team to identify a new business mix?
- How do I (re)deploy my team to achieve a new business mix?
- What investments need to be made to achieve a new business mix?
- What changes to operations need to be made to accommodate and retain a new business mix?

Identifying a new business mix will require thinking differently.

Pricing by segment will be a new world. This is especially true for any segments previously not considered as part of the mix due to price. Therefore, it will be important to have an open mind in determining the new strategies for each segment:

- Think bigger picture. View strategies and policies through a macro lens.
- Avoid holding on to an ideal higher rate, turning down lower-rated segments just to then sell inventory via OTA sites last minute.
- Do not walk away from any RFP negotiation; get creative in how to manage and incorporate accounts into the mix, so you effectively build base.
- Group will take some time to come back. Think about how to replace group business, which may mean expanding into areas you previously excluded.
- Explore options with niche players such as FIT, which typically offers longer lengths of stay and books further in advance.
- Consider corporate accounts at various rates. For those lower-rated accounts, think about how to make it a mutually beneficial arrangement.
- Understand how the hotel can gain the biggest reach. What partners should be leveraged to help the hotel expand to new audiences and win clientele?
- Reevaluate your operating costs to understand how the adoption of new procedures and processes impacts your bottom line.

What investments need to be made to achieve a new business mix?

PART 2: REDEFINING YOUR SALES, MARKETING, AND REVENUE OPTIMIZATION

SALES: FLEXIBLE AND ACCOMMODATING

Selling and servicing guests and clients in a post COVID-19 world will mean doing things very differently. Recently, Preferred Hotels & Resorts hosted town halls for its member hotels where key industry professionals shared their insights regarding how hoteliers can keep the magic of travel at the forefront of buyers' minds. Learn what buyers want to know from you and what you should be doing now to ensure your hotel is being considered when travel resumes.

Corporate sales — Corporate travel is a key segment for many hotels. While no one knows how this segment may change in the near future, you need to begin thinking about how to prepare your short- to medium-term strategy, because RFP season is just around the corner. What will the RFP process look like? How are some of the large travel management companies (TMCs) preparing and how will their policies change?

Business traveler confidence will not look the same for everyone. TMCs anticipate many questions and concerns surrounding safety and cleanliness once travel restrictions are lifted, and they are working hard now to prepare. Travel and approval processes are being reviewed. Immunity passports are being evaluated in many countries. It won't be business as usual. TMCs are indicating they will be tightly monitoring where their travelers are and requiring strict approval prior to trip planning and departure. Travel activity will be driven by client needs, and even this will be reviewed carefully.

Many companies not only will continue holding virtual meetings but will ramp up their internal technology infrastructure, allowing this to be a longer-term solution that replaces non-essential travel. The younger population may be more eager to begin travel again, but the mature population will be much more cautious due to health concerns.

Good or bad, it is safe to say there will be a change in supply post-recovery, potentially reducing the number of hotels within corporate programs. At the same time, there will be fewer travelers, at least for the near future.

TMCs will be focused on hotels that display a duty of care for their guests and employees.

They will want to ensure the health, safety, and welfare of their travelers and broader communities. Most people respond well to pictorial messaging, so it will be important to have strong visuals displaying a sense of comfort and safety, including:

- What will guests see upon check-in?
- What will the check-in process look like?
- Are employees observing proper distancing?
- Are employees wearing gloves and masks?
- Are there clearly marked signs for hand sanitizer?

Learn what you should be doing now to ensure your hotel is being considered when travel resumes.

Strong communication, documentation, and execution of these and other health and safety plans will be an important piece of your corporate negotiated strategy.

Leisure sales — Leisure travelers are expected to be among the first people to begin traveling again, but as with corporate travelers, they will look for hotels that are well prepared and put health and cleanliness at the top of their priority list. The days of luxury hotels magically making things happen behind the scenes will have to change when it comes to sanitation. Visuals will be key — and expected.

The following are some tips on how your hotel can remain engaged with TMCs, so you are top of mind once travelers are ready to make their next journey:

- Consider using your technology to support virtual events.
- Stay engaged with travel advisers and keep them informed. They are very interested in staying up-to-date in their hotel knowledge.
- Work with your global sales offices or representatives to have the best chance of getting your hotel in front of travel advisers.
- Agents will continue to use a global distribution system (GDS), but will have more questions about safety and health. Provide them with an email to ensure they have a way to ask those questions and keep a written trail of what is said. They will want to retain this information.
- Consider doing a video of your cleaning process and share the video with booking agents.

- Pay commissions in a timely manner — agents have been severely impacted. Consider offering bonus commission promotions.

Realistically, many things will not go back to “normal.” Service industry professionals may end up wearing masks and gloves indefinitely. You need to start thinking about how to showcase your hotel differently. Evolve and be creative when looking to engage, and keep things more intimate initially.

Group/MICE sales — The group sales landscape likely will be very different in the near to medium term. The entire world watched meetings and events scheduled for the first half of 2020 either cancel or postpone to later in the year, or even move to 2021. The challenge is knowing the best time to rebook. Hotels will need to be agile in pivoting to whatever the new normal looks like.

Approach conversations with your group clients in a transparent and partner-like way, displaying a sense of togetherness, compassion, and care and offering significant

flexibility. The following is a list of key items that group representatives are expecting from hotels:

- Cancellation and cutoff dates may need to be reevaluated for the remainder of 2020 to provide more flexibility in decision timelines.
- Attrition clauses may no longer be accepted. Hotels will need to think about what is more important — group business at 50 percent of expected size or no group at all?
- F&B minimums may have to be removed.
- Room-to-space ratio requirements should be reexamined.
- Program designs will have to allow for more space between attendees. There may be fewer attendees but the same space

You need to start thinking about how to showcase your hotel differently. Evolve and be creative.

requirement to allow for social distancing. Rounds initially planned for eight people may go to five. Think in advance about how to handle groups that are “space heavy” and have an “off-rooms-to-space ratio” in their ask.

Alleviate client concerns in advance by communicating measures your hotel is putting into place before the question is even asked. These groups selected your hotel based on certain services and staffing levels, so it will be important to provide them information on what they can expect now:

- First, reassure clients that your hotel is open and ready to welcome their groups.
 - It will also be important to address your staffing and planning for groups. Many hotels were forced to furlough much, if not all, of their staff. A natural concern will be who is available to prepare and support clients in advance of their programs. Communicate that staffing — and plan in advance, so clients have confidence.
 - Communicate service adjustments you are putting into place. How will you handle buffet or food stations? Will there be a pass-through cost for these changes?
 - Offer floor plans showing new room setups with social spacing options.
 - Should every table have not just pads and pens but also sanitizer?
 - What about the financial stability of your hotel? A legitimate concern of some clients could be the liability of deposits and the solvency of the hotel. Perhaps reassure them by offering to put deposits into an escrow account.
 - Does your air-conditioning system circulate recycled air or fresh air? If your hotel has been closed for a period of time, the HVAC system should be inspected to ensure that it is free of contaminants.
 - What virtual capabilities and internet strength can you offer for attendees who participate remotely?
 - Communicate the cleaning process, including sharing videos about it. Perhaps offer to put cleaning solutions in the rooms for guests who want the added comfort and ability to do it themselves.
- Hotels that alleviate concerns in advance of any questions will provide significant comfort to group clients and have the best chance to secure the business. Give clients what they need. It won't be about rate — it will be about trust, care, and communication.

**MARKETING:
ADVANCE
MESSAGING**

Hotel marketers are already thinking about creative new campaigns to help capture travelers once restrictions are lifted. Some hoteliers have continued communicating with guests to keep them informed of the hotel's status and provide relevant, fun programming, while others are waiting until they get closer to reopening. Marketing campaigns will have to be timed appropriately to ensure alignment with a consensus that it's safe to travel again. Yes, consumers will be looking for deals, but more importantly, they will want hotels that provide them with a sense of health and cleanliness.

Marketing content — Now is the time for marketers to review content on all channels and all forms of communication to ensure that it is being presented from an entirely new perspective:

Yes, consumers will be looking for deals, but they will want hotels that provide a sense of cleanliness.

- Should your hotel consider a new section on its website that addresses healthy and safe business practices? Legal counsel should be considered.
- Review hotel imagery through an entirely new lens. Should hotels start including images representing cleanliness or the sanitation process? Also, displaying groups of people close together may not be ideal to lead with anymore.
- Are your reservation sales agents — onsite and call center — armed and ready to speak to

safety, cleanliness, and spacing concerns?

- Communicate how your hotel is transforming its physical spaces to accommodate more room in public areas.
- Consider written content on all channels. Ensure that content on channels such as website, GDS, and OTAs represents the right descriptions of any new safety practices, change of services, and amenities.
- Have the check-in and checkout processes been revised to allow less human interaction or touchpoints? If so, make sure that this is being communicated in all areas.

Marketing activities — In the short to medium term, most demand likely will come from domestic travel, which means that hotels will be going after a smaller piece of the pie or finding new regional demographics to target. Creativity and connections with the local community and smaller businesses will help create improved value propositions and programming that

is unique but also locally inspired. Hotels in secondary or tertiary locations actually might see more activity and interest because they are farther out from primary markets and offer larger spaces.

The following highlights some marketing tactics your hotels should consider preparing in advance. The key to all messaging will be to highlight health, safety, and sanitation:

- Be ready with drive-market and staycation messaging, including:
 - Geotarget investments to focus on the drive market.
 - Consider including free parking or offering gas gift cards or credits.
 - Social media is a great way to reach a targeted (and potentially local) audience for your hotel.
 - Work with your digital agency to align paid search to target the drive market and keywords related to your specific locations and activities.
- Travelers may research for a longer time before they are comfortable booking travel.

Consider expanding retargeting criteria to allow a broader timeframe.

- Make the most of loyalty programs and your guest profile database. Prepare specific messaging and unique offers to these guests.

Communicating private offers directly to them avoids disruption of publicly available retail offers, including:

- Think creatively about how to engage with past guests or loyal guests. Those who are part of a loyalty program or who have stayed multiple times are people who already have shown they like staying at the hotel. They are typically resilient travelers who want recognition more than they want a deal. Offer an incentive to join your loyalty program — for example, consider waiving resort or urban fees.

In the short to medium term, most demand likely will come from domestic travel.

- Reach out to those guests who had to cancel and invite them back.
 - Reach out to those who may have called for information but did not book; a recommended best practice is to track this information if you are not doing this already.
 - Those who missed milestone celebrations will be eager to celebrate with friends and family. Think about packages geared toward various celebrations.
- Think creatively about the use of physical space. Can you use it in

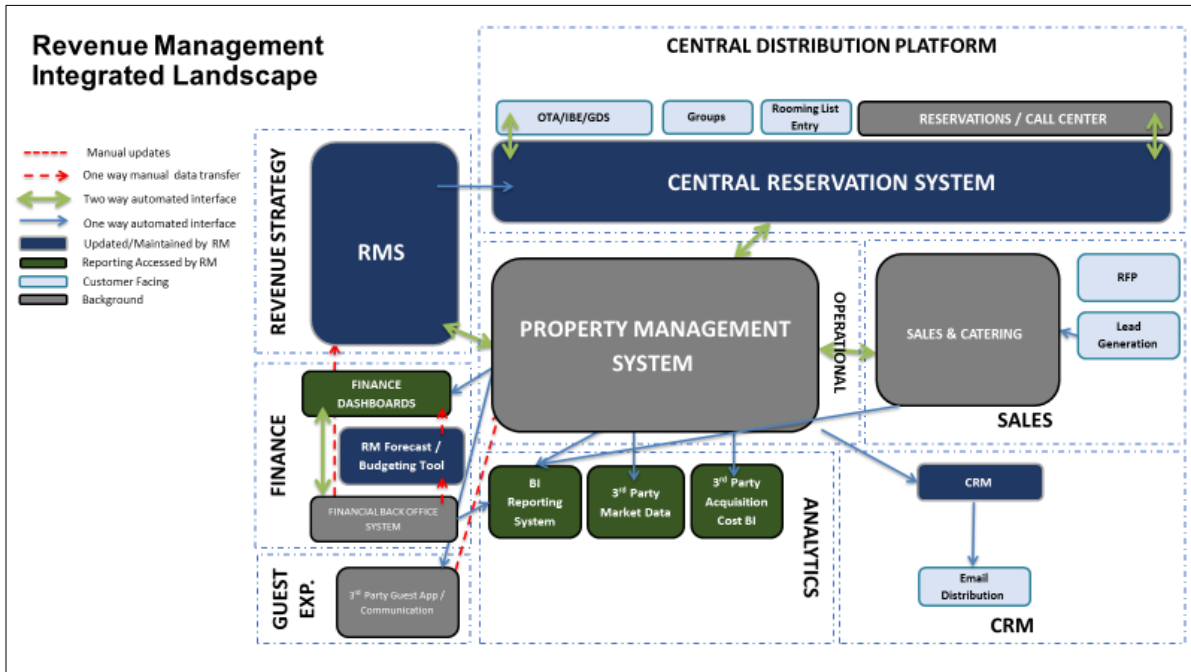


FIGURE 4 | Integrating Revenue Optimization Technology

transformative way? Meeting space likely will not be occupied as it was previously, so what are some other opportunities that may be of interest to your local market and guests? A popup farmers market? A collection of boutiques?

- Consider the various methods of transportation to get to your hotel and identify strategies to work with them. Can you partner with a train company? Likewise, airlift for destination markets will be key. Work with local airport authorities to get air routes back.

REVENUE OPTIMIZATION: INTEGRATING TECHNOLOGY

Conducting rigorous benchmarking, preparing accurate projections, and developing a responsive new business mix—the pillars of sound revenue optimizations — all are dependent on technology systems that are being used to their full potential. It’s in your hotel’s best interest to ensure that all system versions are up-to-date, that system integrations are implemented and working properly, and that each system is configured with the ideal optimization, understanding its impact on each of the related systems. While hotel technology is

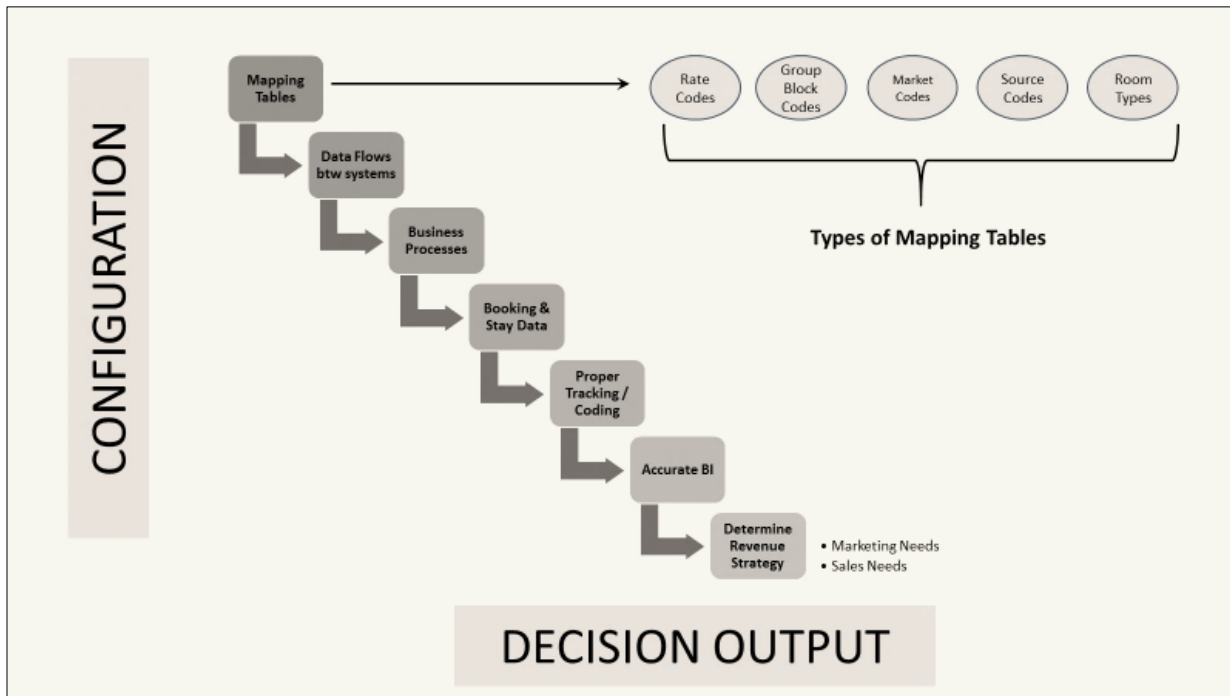


FIGURE 5 | Configuration Elements for Revenue Optimization System

still fragmented in that there are many systems for differing needs, it is important to understand that the configuration and use of each one affects the output and success of the others, and therefore the hotel's optimization and profitability. For example, how your central reservation system (CRS) and property management system (PMS) are uniquely set up directly affects your revenue optimization processes — both manual and automated.

Investing in the right tools, proper training, and holistic configuration unique to your hotel's needs is a must. **Figure 4** (p. 21)

demonstrates the complexity of various technology components and integration between and among them, and illustrates the importance of making sure the setup is done properly. Keep in mind this is just an example; every hotel has its own optimal variation of technology and integration.

Figure 5 (p. 22) shows — from an elevated perspective — the configuration elements that must be set up in most systems. The terminology differs from system to system, but the general concept is the same for most. The key takeaway is that all the decisions and details in the configuration

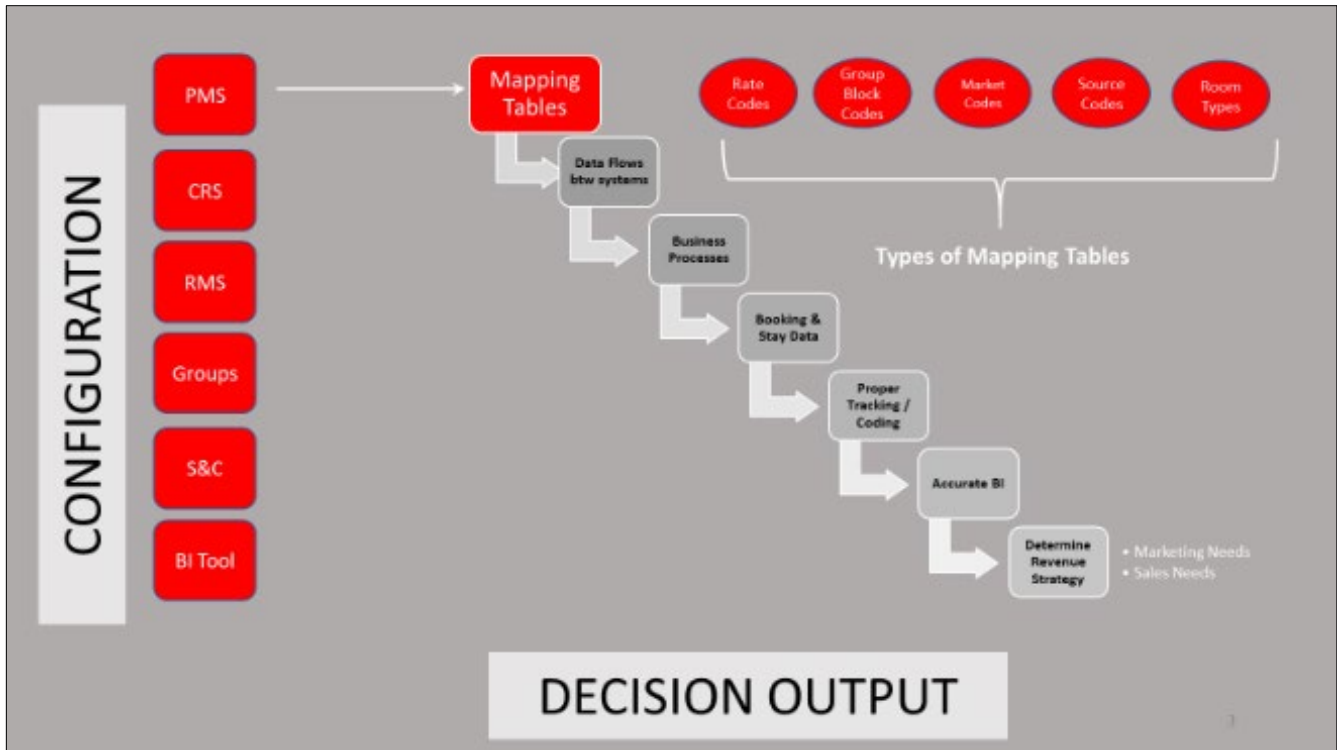


FIGURE 6 | Defining Mapping Tables

ultimately will affect the decision output and, potentially, the revenue strategy.

Figure 6 (p. 23) demonstrates the different systems that must have proper mapping tables defined and set up properly. Each system has its own types of mapping tables influencing the decision output — a common area overlooked or not understood by many hoteliers. That is exactly the opposite of the intended result of leveraging technology to support revenue-generating functions within the hotel.

Here are some questions to consider as it relates to your revenue-related technology assessment:

- Does the hotel have sufficient interfaces allowing technology to help in cost efficiencies?
- Are these interfaces set up optimally? Or are there regular errors or translation challenges causing the team to constantly research and correct or find counterproductive workarounds?

- If you have a revenue management system (RMS), have you reviewed the configuration and decision outputs since the COVID-19 outbreak, including:
 - Review the business rules that the RMS is currently using for decision output. The initial “rules” configured likely will be completely different based on the new landscape. Examples include but are not limited to lowest acceptable rates or “hurdle rates,” group ceilings, rooms-to-meeting-space ratios, and cost information.
 - Booking activity has completely changed since you originally set up your RMS. It’s wise to review the decision output to ensure the system is properly calibrating to these new conditions.
- Does the hotel have an automated commission processor to ensure agencies get paid in a timely manner, and therefore have confidence in sending business to the hotel again?

CONCLUSION: STAFFING FOR SUCCESS

In the end, the success of your hotel in the post-COVID marketplace will come down to a question of human talent. There’s no better time than now to reevaluate what your team looks like and how you are structured. Do away with traditional organizational hierarchies. It’s time to look at staffing with fresh eyes and a modern perspective. Change the vernacular from the traditional sales, marketing, and revenue

teams and redesign as a winning commercial team.

What should this look like in today’s world? What should the team look like in a buyers’ market? Don’t focus on head count. Instead, consider what your hotels will need to operate and win in this new world. What are the top talents, capabilities, skills, and knowledge? What does a winning commercial team structure look like? What segments have you identified as

your biggest opportunities? Rethink how buyers want to engage with hotels, and redeploy your resources to cater to these new forms of engagement. Where does it make sense to deepen your bench strength, and how do you identify who will have the skill sets you now need? To start, more knowledge and expertise in digital are essential, including data analytics and virtual meetings.

But even as hotels will need to reimagine their staffing models, their financial resources will be different. You will need to be more creative in thinking about how to accomplish your goals. If budget constraints don't allow you to hire top talent or a full-time employee for each function, can you pool resources with other hotels and achieve economies of scale?

Disciplines such as public relations, social media, marketing, revenue optimization, and some sales functions all offer opportunities to capitalize on shared services. Whether it's a hotel management company, a consulting firm, or another solution, there are many ways to approach shared services.

The Help You Need

If you have any questions or are interesting in engaging a partner who can create and execute strategic programs to meet your property's distinct needs, PHG Consulting is here to help. We invite you to tap into the expertise of our team as an extension of your team, accessing expertise that covers every discipline within hospitality — from revenue and sales for hire, system and content updates, strategic marketing, and so much more.

Understanding the difficulties that the COVID-19 pandemic has caused at the moment for all hoteliers — not to mention the uncertainties that lie ahead — we would like to offer select services at significant discounts.

For more information, please contact Kathleen Cullen, senior vice president of PHG Consulting, at kcullen@phgconsulting.com.

The key to staffing — and everything else — in the new marketplace will be an openness to

doing things differently. Identify what you need to do and engage the best resources available to do it. ■

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